

DOI: 10.15276/EJ.02.2020.2  
 DOI: 10.5281/zenodo.4012420  
 UDC: 35.07(477)  
 JEL: D92, O31

## THE SOURCES OF FORMATION OF AN UTILITY ENTERPRISE FINANCIAL RESOURCES: ANALYSIS AND USE

### ДЖЕРЕЛА ФОРМУВАННЯ ФІНАНСОВИХ РЕСУРСІВ КОМУНАЛЬНОГО ПІДПРИЄМСТВА: АНАЛІЗ ТА ВИКОРИСТАННЯ

Hanna O. Hratiotova, Senior Lecturer  
 Odessa National Polytechnic University, Odessa, Ukraine  
 ORCID: 0000-0002-8594-489X  
 Email: savhenko965@gmail.com

Ilona M. Babska  
 Odessa National Polytechnic University, Odessa, Ukraine  
 Email: ilonaaburdeyna@gmail.com

Nataliia H. Lebid  
 Odessa National Polytechnic University, Odessa, Ukraine  
 ORCID: 0000-0001-8330-5587  
 Email: nataliyamitrofanova3@gmail.com

Recieved 01.02.2020

*Граціотова Г.О., Бабська І.М., Лебідь Н.Г. Джерела формування фінансових ресурсів підприємства: аналіз та використання. Оглядова стаття.*

У статті розглянуто категорію «фінансові ресурси», визначено основні ознаки та складові фінансових ресурсів. Проведено аналіз усіх галузей економіки у 2016-2018 рр. Проаналізовано джерела формування фінансових ресурсів, проблеми та формування цих ресурсів та напрямки покращення їх реалізації на підприємстві. Було проаналізовано динаміку фінансових результатів підприємства. Зроблено структуру фінансових ресурсів підприємств України. Перераховано основні джерела фінансових ресурсів. Проведене дослідження структури фінансових ресурсів підприємств України за галузями господарства станом на 2019 р. у розрізі галузей економіки та джерел їх формування. Розглянуто шляхи оптимізації фінансових ресурсів підприємств України в сучасних умовах господарювання.

*Ключові слова:* фінансові ресурси, джерела формування, галузь економіки, джерела фінансових ресурсів, фінанси, підприємство, управління підприємством

*Hratsiotiva H.O., Babska I.M., Lebid N.H. The sources of formation of an utility enterprise financial resources: analysis and use. Review article.*

The article deals with the category of “financial resources”, identifies the main features and components of financial resources. The analysis of all the sectors of economy in 2016-2018 is conducted. The sources of financial resources formation, the problem of these resources formation and areas for improvement of their implementation in an enterprise are analyzed. It was analyzed the dynamics of the enterprise financial results. The structure of financial resources of Ukraine’s enterprises is worked out. The main sources of financial resources are listed. It is conducted the study of the structure of enterprises financial resources in Ukraine by industry sector as of 2019 in terms of economic sectors and their formation sources. The ways of financial resources optimization of Ukraine’s enterprises in modern conditions of economy management are considered.

*Keywords:* financial resources, sources of formation, economic branch, sources of financial resources, finances, enterprise, enterprise management

**A**n enterprise finances have a significant place in the structure of our society’s financial relations. The market relations development performs in the conditions of competition in the markets both external and internal. The continuity of the production process depends on financial resources. Therefore, for business entities the question of financial sources for ensuring the effectiveness of financial resources is relevant. Financial resources have a special place in the enterprise management, because on its quality depends the continuity of the production process and products sale, the enterprise liquidity, its solvency and profitability. It is well known that the availability of sufficient financial resources is a prerequisite for successful functioning of any business structure, therefore, the analysis of the sources of financial resources formation and their optimization is especially important.

#### Analysis of recent researches and publications

The questions of formation and using the financial resources are highlighted by such domestic scientists, as M.D. Bilyk, I.O. Blank, O.D. Vasylyk, I.V. Ziatkovskiyi, L.O. Lihonenko, V.M. Oparin, K.V. Pavliuk, A.M. Poddierohin, I.V. Rudchenko [1], I.S. Koval [2], O.R. Romanenko [3], T.S. Smovzhenko [4], and Yu.L. Kulichenko [5] A. Smit, K. Marks and others.

The aim of the article is the analysis and study of using the sources of the enterprise financial resources formation, the search of modern methods for improving the formation and using the enterprises financial resources.

### The main part

Enterprise financial resources – are funds at the disposal of enterprises and are intended for their financial obligations fulfilment. Enterprises financial resources are formed due to the internal (authorized capital, depreciation expenses, gross income and profit) and external (received credits; installments and other contributions; funds raised on the financial market) sources [6].

The components of the enterprises financial resources are:

- authorized fund (capital);
- additionally invested capital;
- surplus reserve;
- centralized resources for strategic funding;
- nondistributed profit;
- depreciation expenses;
- provision of expenses and payments;
- bank loans;
- deferred tax liabilities;
- credit debts of all types [6].

The enterprises financial resources are classified by the main features (Figure 1):

- by the sources of formation;
- by the stages of formation ;
- by using;
- by the form of realization [6].

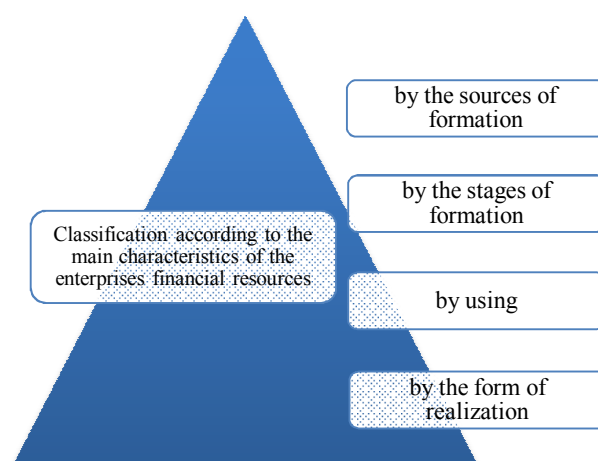


Figure 1. Classification according to the Main Characteristics of the Enterprises Financial Resources

Source: compiled by autor on materials [1]

Particular attention should be paid to the sources of financial resources, as they are the economic basis of enterprises. The main sources of financial resources are the following:

1. During the authorised capital formation: the founders' contributions to the authorized capital.
2. At the expense of own financial resources:
  - incomes: gross and net income, profit from operating activities, profit from other operating business, profit from financial operations, profit from additional activities and emergency situations;
  - revenue: depreciation expenses, special purpose receipts, stable liabilities, target contributions of the labour collective members, another types of revenues (sponsorship);
3. Through the financial market mobilization: a flow of funds from the issue of shares, bonds and other types of securities, credit investments.
4. In the order of funds distribution: financial resources received from sectoral structure; concerns and associations, insurance allocations, budgetary subsidies [6].

It should be noted that a stable ratio of correlation of own and borrowed funds does not exist, because it cannot be general for different branches and enterprises. The share of own and borrowed finances in the enterprise capital structure depends on industry characteristics. In other words the main task of a financial manager of any company is to ensure the adequacy of financial resources for the continuous financial and

economic activities and this structure formation, which would help to achieve the planned profitability, strengthening the financial sustainability, maintain the solvency and financial security of the enterprise.

For more insightful analysis of the enterprise finances issue one should define the enterprise finances functions. The enterprise finance functions are divided into: reproduction, distribution, control.

The reproduction function is responsible for balancing material and financial flows aimed at stimulating savings. The distribution one is responsible for the formation and using the funds, maintenance of an effective capital structure of the enterprise. The latter, the control function is manifested in the form of control over the variable financial performance, the status of payments and settlements or in the form of monitoring the implementation of the funding strategy by identifying the extent of compliance with income, funds structure of financial resources to increase the volume of production and sales.

The conducted study of the structure of the enterprises financial resources in Ukraine by economy sectors as of 2019 has shown that the largest share of the state's financial resources bring such branches, as industry (58%); wholesale and retail trade (25%); professional, scientific and technical activities (11%). Ukraine's financial resources are at least concentrated in the fields of construction, art, sports, entertainment and recreation, financial and insurance activities, mainly due to the state's inability to fulfil its commitments to these sectors (Figure 2).

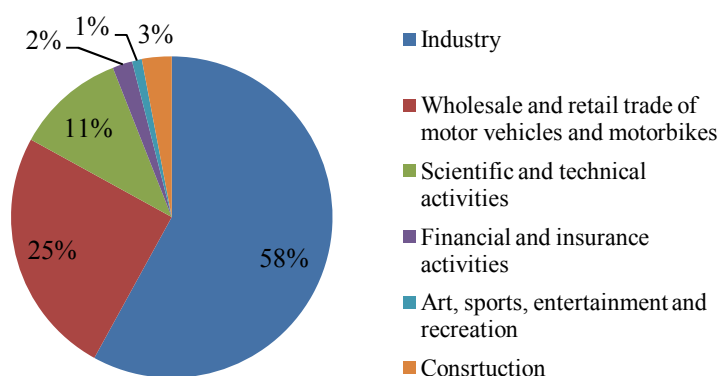


Figure 2. The Structure of the Enterprises Financial Resources in Ukraine by Economy Sectors in 2019  
Source: compiled by autor on materials [7]

In total, the amount of financial resources increased in almost all the economy sectors during 2017-2019. (9 out of 15).

Both internal factors (the enterprise financial policy) and external conditions (the state's fiscal policy and the state's economic development) influence the formation and using the financial resources by business entities. The internal ones include: organization of financial resources management, networking merchandising with production, quality of financial, tax and management accounting, price policy, competitors' prices analysis, marketing system quality, personnel's skills and motivation. One considers external factors that influence the enterprises financial resources: legal framework, socio-economic and political situation, the inflation level, the regulation level of resource prices.

The enterprises functioning effectiveness in the long term, their rapid development and improvement in competitiveness are to a large extent determined by the level of financial resources utilization therefore, one of the most important aspects of the current financial policy of the enterprises is the establishment of financial resources strategy, which should be aimed at achieving high profit growth rates and minimizing financial risks; providing the necessary level of liquidity [3, p. 47].

- The formation of the enterprises financial resources is in the case of such approaches application:
- The business entities themselves define the ways of financial resources formation in directions of their use within the framework of current legislation.
- The business entities themselves define the ways of financial resources formation in directions of their use in the framework established by the state fiscal levers of economic regulation.
- The ways of financial resources formation on directions of their use are determined by the statutory requirements to the work organization of business entities of different forms of management and economic activities types [5, p. 125] (Table 1).

The highest growth is observed, in particular, are industry (almost three times) and wholesale and retail trade; maintenance of motor vehicles and motorbikes (doubling). The decreasing trend of financial resources is observed in such industries as financial and insurance activities, education, health, transport. where the rates decreased in 2019 vs 2017 almost twice.

In the process of formation of the enterprises financial resources an important role is played by their balance and the determination of their sources optimal structure.

Table 1. The Structural Dynamics of Sources of Enterprises Financial Resources Formation in Ukraine in 2017-2019., mln. UAH

Indicator	2017	2018	2019	2019/2017
Total capital, including:	6422330.1	6863358.6	6676021.9	253691.8
– agriculture, forestry and fisheries	20233.5	15179.5	14621.5	-5612
– industry	2691685.3	3001869.6	3086035.5	394350.2
– construction	158947.5	162020.7	166071.5	7124
– wholesale and retail trade; maintenance of motor vehicles and motorbikes	1107650.8	1268689.3	1335083.3	227432.5
– transport, warehousing, postal and courier activities	999481.6	946166.55	821899.1	-177582.5
– temporary accommodation and catering service	19170.9	21272.9	19988.8	817.9
– information and telecommunications	101690.5	119152.0	128794.0	27103.5
– financial and insurance activities	138811.5	151765.0	117702.1	-21109.4
– real estate operations	163061.8	174340.1	155150.4	-7911.4
– professional, scientific and technical activities	777903.3	711558.1	579709.3	-198194
– activities in the field of administrative and support services	206454	245111.1	211598.7	5144.7
– education	1914	2186.4	1687.6	-226.4
– health protection and social care provision	10209.4	11448.7	8109.4	-2100
– art, sports, entertainment and recreation	22461.7	28356.6	25533.8	3072.1
– other services provision	2653.7	4242.1	4036.9	1383.2

Source: compiled by autor on materials [7]

However, as practice shows, their structure is constantly changing under the influence of various factors, namely the increase in the share of funds attracted from external sources, and first and foremost, the share of credit debts, which entails a system of defaults and leads to a decrease in investment opportunities of the business entities. In general, one should avoid uncontrolled credit debt, which leads to the deterioration of the enterprises creditworthiness, and the excessive financial resources, which may slow the production development through excessive reservation of savings and their diversion from the production process (fig. 3).

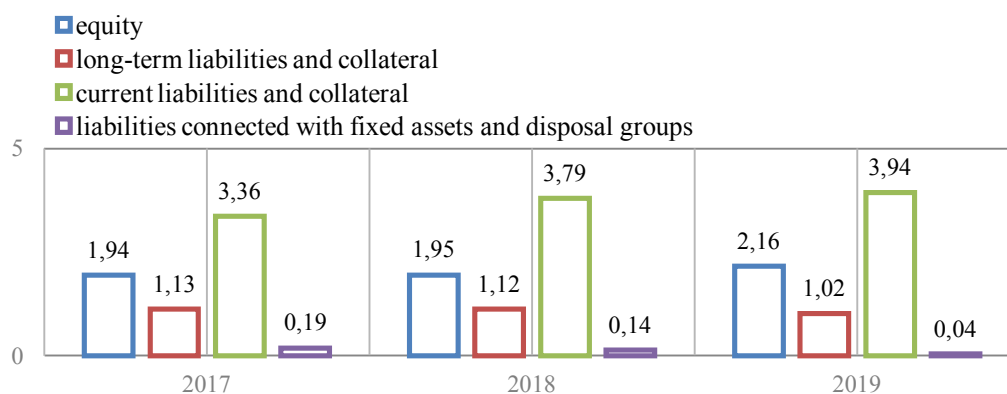


Figure 3. The Structural Dynamics of Sources of Formation of Enterprises Financial Resources in Ukraine in 2017-2019

Source: compiled by autor on materials [7]

For the rational formation and using the financial resources it is appropriate to consider the following recommendations:

- in the tactical aspect: adhere to the necessary level of solvency and liquidity to meet current obligations, the economical use of financial resources, management control over the production and marketing to increase profitability;
- in the strategic aspect: choosing the optimal structure of own and borrowed funds to maintain solvency in the long-term period. Further investigation of this topic can be directed to the efficiency assessment of using enterprises financial resources by types of economic activities.

## Conclusions

The study of the economic category "financial resources" has shown a lack in the economic literature a common approach to this definition identification, due to the complexity and diversity of the concept. The analysis of the dynamics and structure of the enterprises financial resources in Ukraine by sectors of economy in the 2017-2019 allows to conclude the uneven distribution of financial resources: as of 2017, 61% of financial resources are concentrated in three sectors of economy – industry, agriculture and wholesale trade. During the analyzed period there was a steady growth in financial resources, however, such a tendency, despite the increase in the share of short-term liabilities in the total capital structure of enterprises, is negative and indicates the growing dependence of domestic enterprises on external sources of financing and indicates the general deterioration in the financial condition of Ukrainian enterprises.

In modern conditions of managing the financial resources optimization of Ukrainian enterprises should be based on the criteria of sufficiency of the latter, their ratio optimality depending on sectoral characteristics and specific conditions, the economic viability of their involvement and effectiveness.

## Abstract

The study of the economic category "financial resources" showed the lack of a unified approach in the economic literature definition of this definition, due to the complexity and versatility of the concept. Analysis of the dynamics and structure of financial resources of Ukrainian enterprises by sectors in 2017-2019 allows concluding that the distribution of financial resources is uneven: as of 2017, 61% of financial resources are concentrated in three sectors of the economy - industry, agriculture and wholesale. During the analyzed period, a steady increase in the volume of financial resources is observed, but this tendency, given the increase in the share of short-term liabilities in the overall capital structure of enterprises, is negative and indicates an increase in the dependence of domestic entities on external sources of financing and signals a general loss of financial resources state of Ukrainian enterprises.

In today's economic environment, the optimization of sources of financial resources of Ukrainian enterprises should be based on criteria the sufficiency of the latter, the optimality of their ratio, depending on the industry characteristics and specific economic conditions, the economic feasibility of their involvement and efficiency.

## Список літератури:

1. Рудченко І.В. Удосконалення механізму управління фінансовими ресурсами підприємства / І.В. Рудченко [Електронний ресурс]. – Режим доступу: [http://www.bsfa.edu.ua/files/konf/23022013/sekciya5/teza\\_litovska\\_fk\\_45.pdf](http://www.bsfa.edu.ua/files/konf/23022013/sekciya5/teza_litovska_fk_45.pdf).
2. Леось О.Ю., Коваль І.С. Механізми формування фінансових ресурсів підприємств / О.Ю. Леось, І.С. Коваль [Електронний ресурс]. – Режим доступу : [http://irbis-nbuv.gov.ua/cgi-bin/irbis\\_nbuv/cgiirbis\\_64.exe](http://irbis-nbuv.gov.ua/cgi-bin/irbis_nbuv/cgiirbis_64.exe).
3. Романенко О.Р. Фінанси / О.Р. Романенко. – К. : ЦНЛ, 2006. – С. 312.
4. Фінансовий словник / Уклад. А.Г. Завгородній, Г.Л. Вознюк, Т.С. Смовженко. – К. : Знання, 2000. – С. 404.
5. Куліченко Ю.Л. Фінансові ресурси підприємства та їх оптимізація / Ю.Л. Куліченко // Молодіжний вісник УАБС НБУ. Серія «Економічні науки». – 2013. – № 4 [Електронний ресурс]. – Режим доступу : <http://bulletin.uabs.edu.ua/B726B86443B5FFB6C3>.
6. Навчальні матеріали онлайн. – Режим доступу: <http://gestyy.com/e0wXzs>.
7. Показники балансу великих та середніх підприємств за видами економічної діяльності [Електронний ресурс]. – Режим доступу : [http://www.ukrstat.gov.ua/operativ/operativ2019/fin/sbp/sbp\\_u/sbp\\_319\\_u.htm](http://www.ukrstat.gov.ua/operativ/operativ2019/fin/sbp/sbp_u/sbp_319_u.htm).

## References

1. Rudchenko I.V. Improvement of the mechanism of management of financial resources of the enterprise. Retrieved from [http://www.bsfa.edu.ua/files/konf/23022013/sekciya5/teza\\_litovska\\_fk\\_45.pdf](http://www.bsfa.edu.ua/files/konf/23022013/sekciya5/teza_litovska_fk_45.pdf) [in Ukrainian].
2. Leos O.J., Koval I.S. Mechanisms of formation of financial resources of enterprises. Retrieved from [http://irbis-nbuv.gov.ua/cgi-bin/irbis\\_nbuv/cgiirbis\\_64.exe](http://irbis-nbuv.gov.ua/cgi-bin/irbis_nbuv/cgiirbis_64.exe) [in Ukrainian].
3. Romanenko O.R. (2006). Finance. K.: CNL [in Ukrainian].
4. Zavgorodniy A.G., Wozniuk G.L., Smovzhenko T.S. (2000). Financial Dictionary. K.: Knowledge [in Ukrainian].

5. Kulichenko Yu.L. (2013). Financial resources of the enterprise and their optimization. UABS Youth Bulletin of NBU. Economic Sciences Series, 4. Retrieved from <http://bulletin.uabs.edu.ua/.B726B86443B5FFB6C3> [in Ukrainian].
6. Study materials online. <http://gestyy.com>. Retrieved from <http://gestyy.com/e0wXzs> [in Ukrainian].
7. Balance sheets of large and medium-sized enterprises by types of economic. Retrieved from [http://www.ukrstat.gov.ua/operative/operativ2019/fin/sbp/sbp\\_u/sbp\\_319\\_u.htm](http://www.ukrstat.gov.ua/operative/operativ2019/fin/sbp/sbp_u/sbp_319_u.htm) [in Ukrainian].

**Посилання на статтю:**

*Hratsiotiva H.O. The sources of formation of an utility enterprise financial resources: analysis and use / H.O. Hratiotiva, I.M. Babska, N.H. Lebid // Економічний журнал Одеського політехнічного університету. – 2020. – № 2 (12). – С. 12-17. – Режим доступу до журн.: <https://economics.opu.ua/ejopu/2020/No2/12.pdf>. DOI: 10.15276/EJ.02.2020.2. DOI: 10.5281/zenodo.4012420.*

**Reference a JournalArticle:**

*Hratsiotiva H.O. The sources of formation of an utility enterprise financial resources: analysis and use / H.O. Hratiotiva, I.M. Babska, N.H. Lebid // Economic journal Odessa polytechnic university. – 2020. – № 2 (12). – С. 12-17. – <https://economics.opu.ua/ejopu/2020/No2/12.pdf>. DOI: 10.15276/EJ.02.2020.2. DOI: 10.5281/zenodo.4012420.*



This is an open access journal and all published articles are licensed under a Creative Commons "Attribution" 4.0.